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BUILDING

Stronger Farmer Cooperatives



**Highlights of the 21st Annual Workshop
of the Farmer Cooperative Service
December 15-18, 1958**



**Farmer Cooperative Service
U. S. Department of Agriculture**

FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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Highlights of the

21st ANNUAL WORKSHOP OF THE FARMER COOPERATIVE SERVICE

INTRODUCTION

This is a report of the 21st Annual Workshop of the Farmer Cooperative Service, U. S. Department of Agriculture, held at Washington, D. C., on December 15, 16, 17 and 18, 1958. The workshop's theme was "Building Stronger Farmer Cooperatives."

Members of the Program Committee for this workshop were:

J. Warren Mather, Farm Supplies Branch, Chairman
Martin A. Blum, Fruit and Vegetable Branch
John D. Campbell, Cotton and Oilseeds Branch
Raymond L. Fox, Livestock and Wool Branch
Anne L. Gessner, History and Statistics Branch
Daniel H. McVey, Grain Branch
Irwin W. Rust, Membership Relations Branch
Job K. Savage, Special Crops Branch
David Volkin, Business Administration Branch
Kelsey B. Gardner, Management Services Division (Ex Officio)

This publication presents highlights of the workshop, rather than a verbatim report of the talks and discussions. The views presented are those of the participants and do not necessarily reflect the official views of the Farmer Cooperative Service on the many questions discussed. While prepared primarily as a work improvement tool for staff members of the Service, a limited number of copies are available to other persons having an interest in this area.


The report was prepared by the Highlights Committee from material submitted by speakers and from notes made during the workshop. Members of the Highlights Committee were:

Bert D. Miner, Frozen Food Locker Branch
William J. Monroe, Dairy Branch
Arthur H. Pursell, Farm Services Branch

SESSION I

Monday Morning, December 15, 1958
Chairman: Joseph G. Knapp

WORKSHOP OBJECTIVES

 Joseph G. Knapp

Here we go again.

For 21 years we have held these workshops, and I believe I am the only one here who has been privileged to attend them all. Kelsey Gardner, unfortunately, had to miss one because of flu.

Each program has been unique, and they have all contributed to the strengthening of our program. They have been team plays -- in that the program has been built by the staff itself in the light of felt needs.

In these workshops we have general and specific objectives.

Some of our general objectives are:

1. To focus our attention on the research and other needs of farmer co-operatives.
2. To improve our research, advisory, and educational procedures.
3. To train staff members in the responsibilities of our work.
4. To improve the coordination of our individual and branch efforts.
5. To strengthen staff morale through getting better acquainted with our own capabilities.


Our specific objectives relate to the focus we give each workshop. This year our specific objective is to improve our research, advisory and educational work in helping cooperatives:

1. To develop better integrated organizations.
2. To meet problems involved in merger or consolidation.
3. To improve the quality of management.

Our program committee, under the Chairmanship of J. Warren Mather, has a fine program arranged for us, in which we can all participate.

Fittingly, it will open with a discussion of this challenging question: "Can cooperatives meet the test?"

"THE BIG QUESTION" - CAN COOPERATIVES MEET THE TEST?

 Wallace J. Campbell

There is one easy answer to this very difficult question. Cooperatives can meet the test now better than at any previous time. This answer, however, isn't adequate because present times are not the same as they were 30 years ago.


In 1934, there were no refineries, no production facilities, only a limited distribution system; there were few people thinking about the problems of distribution. One man, Howard Cowden, Consumers Cooperative Association, led the way into the refining of petroleum by cooperatives.

No one cooperative can solve the problems involved in integration and control of agriculture. Rather the answer is tied in with long-range agricultural and worldwide policies.

One example of how cooperatives can help influence world policies is that of B. J. Patel of India. Patel spent 2 years studying our agricultural policies and farmer cooperatives. After his return he was placed on an agricultural commission by Mr. Nehru to study collectivized farming in China. Except for Mr. Patel, all Commission members voted for the collectivized system for India; his dissenting report -- influenced, no doubt, by his experience gained in America -- was so powerful that the Government of India eventually adopted his minority report in lieu of the majority report.

A big question for United States agriculture is: Can we afford not to use our vast agricultural surpluses to help solve the worldwide problem of "food" and at the same time help solve our own problem of surpluses?

I believe we can use our agricultural surpluses to make a change in the thinking of the world. The problem facing cooperatives involves efficiency, integration, agricultural policies, and world problems.

 Patrick B. Healy

Cooperatives must meet tests every day -- tests that are of paramount importance to cooperatives. The real test today, and the one cooperatives must face most often, is the test of competition of bigness.


Are cooperatives going to be successful competing across the bargaining table, or in processing plants, with large accumulations of capital such as are available to chain stores or national dairy concerns? If they are, they will need either tremendous amounts of capital or complete control of products -- maybe both. Vertical integration is only part of the problem that cooperatives must deal with. Farmers will not only have to integrate but must be willing to contribute larger amounts of capital to their off-the-farm enterprises.

Cooperatives have competed with big business in the past and they can continue to do so, but they must be well financed and effectively managed. They must know themselves. They must do some honest soul searching. They must ask themselves: Are we benefiting farmers? Their managers and directors must ask themselves whether they know enough to be in the business of serving farmers. Some cooperatives are battle-scarred monuments to some person or battle of the past. If they are satisfied to rest with past glories, they may indeed be in trouble.

If cooperatives pass the first test, they must look into the future. What is going to be the competition of bigness in the future?

Some cooperatives have integrated themselves to meet bigness. Some have formed regional associations that buy, bargain for, or market farmers' supplies and products. Some of these have been highly successful when properly managed.

It must be kept in mind that the farmer cooperatives' sole purpose is to serve farmers. Some cooperatives want their operating program to show a profit, and have stressed their own profit to the detriment of their farmer owners. These types of cooperatives will not be the ones that meet the present and future competition of bigness. Cooperatives can meet the test of competition only so long as they are effective business enterprises, well financed, well managed and fully supported by their members.

 Roy F. Hendrickson

Our competitors have learned, as we should know, that farmers like to do business with their own cooperatives.

When they understand cooperative purposes, they obtain a psychic return from loyally patronizing their cooperatives.

Since this loyalty rests partly, often largely, upon economic motivation cooperatives, in order to serve farmers' needs effectively, must continuously change and reflect the times.


Nothing shakes a farmer's loyalty as does over-promising results from a cooperative except perhaps a paternalistic, over-smug "Pappy knows best" approach.

Farmers want and expect their cooperatives to produce economic results but without losing the personal touch. They enjoy the extent to which cooperatives

supply opportunities for self-expression. There are many civic-minded farmers who, if they do not find opportunities to express their civic interest through their cooperatives or general farm organizations, will form additional organizations to fill this need.

The sense of belonging, of participating, often weakens as the business aspects grow in a cooperative and receive most emphasis. This sense of belonging, with opportunities to participate, is the farmers' protection against the efforts of opponents or competitors to drive a wedge between farmer-members and their co-ops.

Education, information, opportunities to participate in program and policy-making -- all these can fortify cooperatives and thus strengthen and improve their opportunities to be of service to their members.



J. Kenneth Stern


There are not enough people worrying about cooperative problems, such as leadership, finance, and operations. Our major difficulty seems to be complacency. We have too many economic "illiterates" in agriculture.

Our farmers are good producers -- very good producers -- but often aren't too well-informed about marketing, especially what goes on after the product leaves the producer. For this we must have men trained especially for the job. An alert membership will insist on good directors; good directors will insist on good management; and good management will usually produce efficient operations.

Cooperatives can meet the test. We have the "know-how" if we utilize our best ideas and our best men. Our State colleges should do more in research and training in the field of marketing and processing. USDA should do more. FCS has been most helpful, within its resources, in helping farmers help themselves.

The American Institute of Cooperation and Farmer Cooperative Service are already cooperating on joint research projects on membership relations. We need more of this. There is also some interest being shown by land-grant colleges. Maybe we should have a nationwide system of research workshops or clinics on various co-op problems.

Co-ops can do the job; they can meet the test -- but will they? More emphasis must be placed on the complete mobilization of our resources to get the job done.



Homer Brinkley

I am very much interested in all of what Kenneth Stern had to say, but two words struck me as of particular force -- economic illiteracy. I wonder if this is not one of the basic difficulties in rural America and particularly

in farmer cooperatives. I have had a feeling for a great many years that it might be. I base this conclusion on my experience in the management of substantial cooperatives and in my work with the National Council of Farmer Cooperatives.

In 1944-45, when I was President of the National Council, one of the first things we did was to revise and revitalize the American Institute of Cooperation. Kenneth Stern has done a magnificent job. The collateral I should say is greater strength and influence among cooperatives and a greater awareness of Farmer Cooperative Service.

Tracing back, it seems to me economic illiteracy is at the root of a great many troubles along with human selfishness and cussedness. The problem of economic illiteracy has been with us a long, long time. Except for the last couple of years, the primary educational effort of land-grant colleges, the U. S. Department of Agriculture, and other people in agriculture, except a few forward-looking cooperative and farm organization leaders, has been almost completely production-oriented. This is really where roots of economic illiteracy lie. Farmers and farm leaders have not been properly trained in the economics of marketing.

Farmers are inclined to get pretty independent when prices are good, and they frequently forget their cooperatives. When the going gets tough, they turn back to cooperatives and expect miracles overnight. Cooperatives cannot operate efficiently on such a hit-or-miss basis. The day is probably past when farmer cooperatives can afford to maintain an open-door policy, thus letting in those farmers who sell only their low-quality products through the cooperative. Correction of abuses of that nature is long overdue. A cooperative cannot be maintained on a standby program to market poor-quality products nobody else wants to handle.

Cooperatives may be spending too much time on self-analysis of internal management problems rather than on the larger problems of commodity, region, area, and Nation. There is no reason why cooperatives with similar problems should not solve them jointly. Farmer Cooperative Service, as an arm of the U. S. Government, probably has its chief responsibility in working with great national research issues regarding farmer cooperatives and studying difficult problems such as capital structure to find ways of improving economic efficiency in these organizations.

DISCUSSION: Can Cooperatives Meet the Test?

Q - What is the current status of the tax situation?

A - Nothing really has come to a head but several co-op leaders are working on the matter. We believe that Congress will make a determined effort to raise taxes in the near future. They may do this by plugging loopholes in the tax laws. They also may attempt to use co-ops as guinea pigs. One problem the cooperatives have is to properly inform responsible Government officials,

and members of Congress, regarding cooperatives' economic nature and its relation to their tax status. Organizations opposing cooperatives spend over a million dollars each year in propaganda. We must see that this propaganda doesn't drive a wedge between co-ops and members.

Some changes are due for sure and maybe some corrections need to be made. However, we must cooperate closely with Congress in clarifying the complex tax issue. Certainly we need to "educate" our congressmen as soon as possible.

- Q - Do you think economic maturity, business efficiency, good management and high dollar returns can help cooperatives adequately cement their relations with members?
- A - We are more than economic men. Instincts for group solidarity, neighborliness, economic success can be hollow without those things that go beyond the economic man. Organizations must stand for something beyond business success, especially in the Great Plains. We need to do some sociological research on membership loyalty.
- Q - Many felt in 1921 that the splintering of co-ops was a disadvantage. Splintering of co-ops is good for variety -- isn't this a good thing?
- A - We can have too many sentiments -- must have good returns. There are too many co-ops in many regions. It is sufficiently difficult for one cooperative bargaining in a particular market - 12 is just impossible. Splintering takes money away from the farmer.
- Q - The ultimate in economic efficiency is dictatorship. If farmers like small co-ops -- why not keep them?
- A - The trouble is that many farmers feel the answer lies in government rather than in cooperation among co-ops.
- Q - How do you account for the ability of enemies of cooperatives to paint in the minds of the public their concept of farmer cooperatives?
- A - There are more men working at the job. These thought leaders operate on a grand scale in capturing the public mind. Cooperatives need to do a much better information job.
- Q - Is there a need for professional board members?
- A - I am not sure on this point. We assume "lay directors" are adequate. In my opinion, we need more definite information on this problem.

SESSION II

Monday Afternoon, December 15, 1958

Chairman: Martin A. Abrahamsen

COOPERATIVES - VERTICAL INTEGRATION AND CONTRACT FARMING

What We Are Doing and Planning

 Edmund H. Fallon

No cooperative can or does operate in a vacuum. Management of cooperatives must get out from time to time into the community of cooperatives.

The greatest challenge in G.L.F. is to evaluate changes that are taking place in the economy and to do something constructive about them. This is difficult to do because of the rapidity of some of the changes. Few people realize how fast changes take place. For instance, in 1940 the gross national product was about \$140 billion. By 1957, it had increased over three times to \$450 billion. There are other instances of great change and growth in our country over the years.

G.L.F. is being improved all the way down the line. We have a big job to do and we are working hard to "get the job done."

Now I would like to pinpoint several areas in which we in G.L.F. have been working to improve.

One of the most important ingredients of any organization is personnel. We have been improving our personnel through job evaluation and personnel classification.

Another area we have been working on is increasing sales volume. Increased volume means increased service to members -- if you are not selling, you are not servicing. Increased volume also means increased efficiency.

We in G.L.F. feel that executives must get out on the farm to determine changes in services that farmers want. You can't get sales volume sitting behind a desk.

G.L.F. has also been improving its research. Research in the United States has multiplied 20 times since 1940. In order to improve service to members we must be constantly on the lookout for new items and new services. There are great opportunities for research. To make the most of this opportunity there is a need for coordination of research of cooperatives, colleges, and FCS.


An example of our research is our "70 before 60" program. The objective of this program is to design a laying house for 10,000 hens that can be operated by one man with 5 hours of labor a day. Another example is our program to help farmers increase production through our soil testing program.

Another area where we have been working is marketing and integration. In G.L.F. territory, marketing rates at the top of all the things that need doing. A better job can be done in egg marketing, in fruit and vegetables, and in canning. Better marketing of poultry is also needed.

We have been studying integration for 3 years. Integration is here to stay. Almost everything except dairying is bubbling for integration. Another area in which G.L.F. is working is financing. Increased financing is needed for expansion. With cooperatives, there is only one place to get equity capital and that is from farmers.

G.L.F. has also worked toward better membership relations through increased dissemination of information. One way we have been doing this is through our house organ -- "G.L.F. Week." Another way in which we expect to improve our member relations is through our Health and Accident Group Life Insurance plan. This is a newly initiated service to members.

To summarize, our cooperatives have done much. However, there never was such an opportunity for progress through cooperatives as we have today. To keep pace with the changes facing cooperatives we must find out what farmers think and keep them informed, must make careful plans, must select competent personnel to execute these plans, must pay good salaries if necessary to get these people and have teamwork between management, employees, and the cooperative's members.

 Forrest G. Ketner

We didn't call it "integration" in those early days, but the directors, management, and members of Producers Livestock Association have worked together for 35 years in providing a system of farm-to-market-to-consumer programs now popularly known as an integrated system of livestock production and marketing to Mrs. American Homemaker.

Producers provides livestock marketing and procurement service for member patrons, but we have long done much more than simply that. Soon after Producers entered the market places at Cleveland and Columbus, Ohio, and Pittsburgh, Pa., in 1923, we developed a direct sales organization (so-called Order Buying Company) to handle the sale of livestock direct to packers and to buyers of feeding and breeding stock.

1/ This slogan means G.L.F. hopes to achieve certain goals by 1960 that ordinarily might take until 1970.

In 1934, these four Producers' marketing cooperatives were consolidated to coordinate marketing services and expand the Producers' system through near-home, farmer-owned markets. There are now 19 markets in the Producers' system -- 16 in Ohio, 2 in Indiana, and 1 in Pennsylvania, with numerous receiving and concentration yards in Ohio, Indiana, West Virginia, and western Pennsylvania. We sell livestock by private treaty, by auction, and through centralized sales.

Producers has long conducted a program of livestock improvement -- especially in hogs and lambs. Producers' meat-type Tend-R-Leen hogs and "Double Blue" and "Blue" lambs are now well-known and sought by packers. Farmers get 50 cents a hundredweight more than the local market on all their Tend-R-Leen hogs. "Double Blue" and "Blue" lambs likewise sell at incentive price differentials because of their superior quality.

Producers procures feeding calves, cattle, lambs and ewes from western, southern and southwestern States for farmer members. It also finances feeding and breeding programs for worthy farmers. Conduct of improvement programs in production and marketing and dissemination of information of value to stockmen by radio, mail, and press are foremost Producers' projects.

After effectively marketing hogs through Producers' centralized sales agency for several years, the Producers Marketing Association of Indiana and the Cincinnati Live Stock Producers Association have joined with Producers Livestock Association in a jointly owned centralized sales agency for hogs. This cooperative will in 1958 grade, sell, and engineer the movement of more than 1.7 million hogs received at 40 local Producers' markets. This is a new sound pattern in hog marketing in which other local statewide and regional livestock cooperatives may join.

Our jointly owned Producers Swine Improvement Association, through voluntary retains of 2 cents on each hog marketed, finances research projects and helps to secure a distribution in Ohio and Indiana of certified meat-type breeding stock of Tend-R-Leen standards. Sponsored research includes studies of consumer acceptance of Tend-R-Leen pork, and a project to make practical the artificial insemination of swine.

Producers is a member owner of the Shen-Valley Meat Packers, a cooperative packing plant at Timberville, Va. It has furnished Producers valuable laboratory experiences. Before Producers began the regular grading of hogs in 1951, we marketed 37,000 hogs through the Shen-Valley Meat Packers and with the help of Farmer Cooperative Service measured and inspected every one for carcass quality.

This year Producers began, experimentally, custom slaughtering of Tend-R-Leen hogs and sale of dressed carcasses to packers.

The final step, to date, in our integration program from farm to consumer is the P & C Food Markets of New York State, of which Producers has been one of the major member-owners since 1946. Most of the meat sold through the more than 30 P & C supermarkets originates as livestock from members of Producers Livestock Association. Producers markets it under processing agreements with

two national and some large independent packers, who in turn market the meat to P & C. Our hope is that with the cooperation of other Ohio cooperatives, a similar chain of supermarkets can be established in the Buckeye State to provide essential laboratory experiences and help maintain bargaining ability and effect savings for stockmen.

To open minds, willingness to break with traditions and be guided by research, and being alert always for the best interests of farmers and Mrs. American Homemaker and her family may be attributed much of Producers' progress and pattern-setting in livestock production, marketing, and integration.

DISCUSSION: What We Are Doing and Planning

Q - Are your (G.L.F.) poultry operations sufficiently self-supporting?

A - Yes, through the years we have more than broken even on our poultry operations. Prior to 1956, our operations were simple and small-scale. Since 1956, they have been much more elaborate. We have been processing since 1958. Our processing program has been satisfactory. In fact our overall program is satisfactory.

Q - Is there any correlation between contracts, integration, and marketing? Do you have tight contracts?

A - Yes. Sooner or later we must get into contracts. The day has passed when products -- especially low-quality products -- can be dumped on cooperatives at any time just to "get rid" of them. For example, we get plenty of eggs in the winter but in the summer, they flow to the tourist areas because of an increase in price of 1 or 2 cents or more. We plan to put teeth into our marketing contracts in order to maintain an even flow of eggs yearround. We can do a better service job with better contracts.

Q - How, in your opinion, will integration affect production and marketing?

A - I believe that production and marketing will remain tied pretty well together. If integration keeps going, there must be a closer tie of production and marketing cooperatives.

Q - How will integration affect cooperatives?

A - Only the efficient will survive. If G.L.F. can stay efficient, we will be all right; so will the efficient farmer. Efficient farmers are doing well in our territory.

Q - Is there integration on phases of your livestock program, for example, on feed?

A - No. We do not have any contracts at all. Our feeding program is not tied into our livestock program because most of our feed comes directly from the

farm. We have consolidated with some feed programs. However, the feed companies have lowered their feed margins to the point where they are not sufficient to carry these programs. Further, we believe that a feed program without competent advice is no good. Controls end with the processor.

Q - Do you have compulsory feed contracts with the producers?

A - No. Our producer-members are not required to buy feed from us. We do not have a feeding program tied to our livestock program.


Q - Can livestock and supply cooperatives work together?

A - Producing and marketing co-ops must move closer and closer. Margins are very close on marketing programs. Only the most efficient are going to survive. Closer cooperation would strengthen both producer and marketing organizations.

Q - What advantage, if any, does the "Ontario" program have as applied in Ohio?

A - There are some advantages. However, I hasten to point out the disadvantages. Under a regulated program of this type, slaughter controls would move from the hands of the farmer into those of the processor. Grade, age, weight, and so on, would be determined by the packers. In our organization the slaughtering and marketing agreements, like dairy agreements, are administered by farmer-controlled organizations, and this gives them greater bargaining power.

Providing Integrated Services for Poultry, Livestock, and Dairy Products - Problems, Limitations, and Recommendations

 Arno J. Hansas


As integration expands in agriculture, farm supply cooperatives need to provide additional services for poultry and livestock patrons. There may be cases where the best policy is to continue improving present operations, but most farm supply co-ops need to be doing more long-range planning beyond their present activities. In some cases they should take the lead in integration programs, while in other cases they must be willing to work with other cooperatives to provide these services without duplicating cooperative effort.

Among the problems delaying cooperative integration is lack of agreement among members on need for integration. How soon and in what direction should integration start? Who is going to do the integrating in areas where more than one cooperative is involved? Who will take the lead?

What should co-ops be doing toward integration? Cooperatives need to convince their members of the need for cooperative action in integrating themselves with their cooperatives. In order to test out possibilities and to proceed cautiously

they should consider pilot operations and contracting of some phases of their program before investing in permanent facilities. To conserve their capital for these projects, they should work with existing credit agencies in financing patrons' requirements.

Cooperative integration faces problems, but it also offers farmers an opportunity to strengthen their cooperatives and through them help themselves to get a better return from their farming operations.



John J. Scanlan

The problem facing poultry producers and their cooperatives in the several parts of the Nation is that of economic survival. This is particularly true in the West North Central States where the great bulk of egg and turkey surpluses is produced, without vertical integration.

Except in the West, few of the specialized egg and poultry associations render any, or many, services outside of marketing. This means they need either to broaden their services from within to render production services as well as marketing services or to combine with other associations now rendering services in the production field.

There are many hurdles to developing strong integrated cooperatives to serve poultry producers. A primary obstacle is the absence in most areas of large, strong egg and poultry cooperatives around which to build associations that are efficient in local plant operations, large enough to be effective in selling, and engaged in or capable of rendering both production and marketing services.

The nearly 4,000 marketing and purchasing cooperatives in the West North Central States, if marshalled, are in a position of strength to meet quickly the threats confronting them. They are now fast becoming aware of the need to "do something" about developments, but have, as small local associations, little conception of what to do. By marshalling their combined strength, they could not only survive and grow but could become a very influential factor in egg and poultry and other markets nationally.

Four policies, if adopted, should strengthen the position of poultrymen to meet the challenge of vertical integration through their cooperatives. These are: (1) Early planning for properly spaced and placed local handling associations, (2) federating these local associations for effective out-of-State sales, (3) marshalling the support of all producer cooperatives in each area -- particularly those serving producers of eggs and poultry, and (4) furnishing both production and marketing services to producers, either from within the individual associations or from without by means of coordinated activities with cooperatives in other fields.


Integrated services that can be provided for livestock include those that may be covered by use of contracts and horizontal and vertical integration. Most of the experiments in integration to date deal chiefly with production. Most of the contracts today in the livestock industry are between feed companies and farmers. Others cover production of feeder pigs and slaughter hogs tied in with cooperatives, packers, and other groups.

A fully integrated setup for the livestock industry would cover the following fields of production, marketing, and distribution: (1) Equipment and facilities, (2) livestock, (3) management, (4) capital, (5) feed and supplies, (6) marketing, (7) processing, (8) product sales.

Several limitations in the livestock industry are delaying integration. The five major limitations are lack of managerial skill, lack of sufficient capital, lack of breeding and feeding stock, complacency, and present-day marketing methods that do not provide the incentives needed to encourage integration.

I recommend more research to supply information concerning the advantages and disadvantages of integration for livestock producers. Most of the work so far has been on the status of integration. Another recommendation is that cooperatives work together. More than one type of cooperative may be needed to provide the best-integrated service to livestock producers. If needed, new cooperatives should be established to serve farmers in and through an integrated setup. A third recommendation is to try some pilot-plant operations. This is being done now to some extent but more is needed.

We in Farmer Cooperative Service can help by (1) making individual studies of phases of integration which will bring greatest benefit to farmers, (2) reviewing contracts to determine the economic aspects involved, (3) attending meetings and conferences to keep informed and up-to-date on the integrated services offered to livestock producers, and (4) studying all economic aspects of integration and preparing material to assist management of farmer-owned cooperatives.

 Stanley F. Krause

The efficacy of bargaining needs more attention. Bargaining can be further developed in the dairy field, and use of this approach may have much application with other commodities.

In the fluid-milk field, there often seems to be a compelling urge to bottle milk. An effective bottling and distributing program in large urban markets is a highly ambitious objective. Indeed, it seems unrealistic to try a program that to be successful required replacement of national dairy concerns.

Bargaining programs can be strong. This requires control of supply, control of transportation, and diversion of milk. Cooperatives must take responsibility

for supplying handlers with full needs, and be willing to handle surplus above fluid needs. This requires ownership or access to save facilities, but capacity for only a small percentage generally is adequate.

Is this integration? Yes. It is expansion from a minimum brokerage function to an active, vigorous, wholesaling program.

In the long run, effectiveness in bargaining as well as in an operating program depends much on services rendered buyers and suppliers (the farmers), rather than on power, alone.

In the manufactured products field, branding and merchandising need much improvement. Dairy cooperatives use numerous brands. Most are weak; some are regionally strong; none are truly national. National Milk Producers Federation is offering a national cooperative dairy branding program.

In all these efforts to strengthen cooperative dairy marketing, the preservation of established cooperatives is not a useful consideration. However, the best opportunities generally exist by building on the basis of selected established cooperatives -- those with strong leaders and the strongest, most imaginative management.

DISCUSSION: Integrated Services for Poultry, Livestock, and Dairy Products

Q - How do bargaining cooperatives compare with integrated marketing cooperatives such as Land O'Lakes? Which type is most effective?

A - The integrated cooperatives may be doing a better job. However, there are many opportunities for bargaining cooperatives where there is no need for an integrated marketing cooperative. Bargaining is a good starting point. Where work with classified pricing is involved, bargaining may serve the need.

Q - What do you mean by pilot operation? Don't we need a larger operation? The pilot operation is relative. Some may be quite large and complex.

A - The commodity will affect the necessary size of operation. In the feeder pig industry, a pilot operation can be effective without going all-out. It was also brought out in the discussion that the size of the pilot operation may have as great an effect upon the integration experiment as any other factor. The failure or success of the pilot operation may be primarily due to size and not necessarily prove either success or failure for an integrated operation.

In egg marketing in most cases recently, it was necessary to get into the egg business fast; hence there was little chance for a pilot operation to gain experience. General circumstances dictated the necessary move whether all-out or pilot.

Q - Why are the big packers getting into the contract operations?

A - Packers want a regular supply of quality products.

Q - Would it be possible to increase feed sales to the broiler and egg people by lowering feed prices as an alternative to financing the broiler operations of these people?

A - Reducing feed prices will not move feed because people will not risk their own money on a broiler setup. Hence, it is necessary to contract to hold feed volume. The big problem in the broiler industry is risk capital.


It was brought out during the discussion that marketing is not always a profitable operation. The profits on feeds are sometimes necessary to carry the cost of integrated operations. It is important to realize that in an integrated operation some segments may have to carry others.

SESSION III

Tuesday Morning, December 16, 1958
Chairman: Martin A. Abrahamsen

COOPERATIVES - VERTICAL INTEGRATION AND CONTRACT FARMING

Providing Integrated Services for Fruits, Vegetables, and Field Crops - Problems, Limitations, and Recommendations

 John M. Bailey

Farmers today are placing more emphasis on the quality and completeness of services performed by cooperatives and less upon the particular nature of the cooperatives, be they marketing, supply, or service in name. There can no longer be a clinging to a particular type of service prescribed in original bylaws that may now be outdated in view of prevailing technological developments.

In 1955-56, by the records of our Farmer Cooperative Service, 62 percent of marketing cooperatives in the United States handled supplies. Twenty-one percent of supply cooperatives performed marketing services, while 10 percent of service cooperatives did some marketing and 41 percent handled farm supplies.

These figures indicate cooperatives perform a variety of services, but they tell nothing about the completeness of service rendered by a cooperative in a given area. They do not show the extent of duplication that occurs where services of marketing and supply cooperatives are not coordinated. Duplication is more serious and more demanding of corrective action where two or more supply or marketing associations perform almost identical services in a particular trading area.

Farmers, and farm leaders particularly, should evaluate and orient cooperative efforts for minimizing duplication and maximizing performance. Cooperative councils, farm organizations, and public representatives could be helpful in making such appraisals.

After farmers have charted cooperative courses these additional problems related to integration will need consideration: (1) What are the sources of finance for expanded facilities and working capital? (2) Is there a need for as high a proportion of member equity as sometimes suggested? To what extent may dependence on member financing limit services? (3) At what volume and to what extent should fixed costs be allocated and accounting departmentalized? (4) Should patronage refunds be based on individual services or total operations?

The problem facing fruit and vegetable cooperatives is to adjust operations to provide marketing services in an effective manner for changed marketing conditions. They must keep in step with both the growers' and the buyers' needs. The keynote is flexibility -- giving both buyers and sellers the services they need and when they are needed.

In providing such marketing services, there are at least three major limitations. The first is financing. Basically it has been the custom of cooperatives to have only the suppliers of the raw product contribute to the financial structure. Other methods hold promise such as leasing and perhaps some purely risk capital. Cooperative financing that places all or at least most of the burden on farmers is too restrictive.

The second major limitation is the local nature of cooperatives. To highlight this point let me ask a question: How would you meet competition if your competitor produced, packaged, or assembled a variety of products from a number of plants with strategically located storage throughout the United States; and you had a single commodity produced, packaged, and stored in one plant? Such a situation would limit management skills that could be hired, and it might be reflected in such intangible things as attitude, approach to problems, and even concepts of the job that needs to be done.

The third limitation is a failure to appraise problems on a broad basis. Many problems can never be solved within a single cooperative but rather require the cooperation of several cooperatives. There is too much concern about improvements within a cooperative rather than general improvements for all cooperatives.

The question is: What's impractical? Perhaps it is impractical to strive for status quo. What we may need is a clean break with past methods of operation and a truly fresh approach. How long can isolated cooperatives continue? It may be impractical to expect them to continue.

Moves such as those suggested are not undertaken without far more study and consideration of alternative methods than we now have. The case for or against entering economic integration is not one to be decided by emotion but by the hard facts that confront each cooperative.

► Job K. Savage

Within the next 25 years, the organization of agriculture and of cooperatives will probably undergo more change than in the past 100 years. A large part of this will be due to integration.

Offhand, five integration patterns may emerge as follows: (1) Integration controlled by non-agricultural interests, (2) integration controlled by agricultural interests, (3) integration controlled by Government, (4) integration

mutually controlled, and (5) integration controlled on a heterogeneous basis.

The choice depends in large part upon the vision and willingness to work of our agricultural leaders and, in particular, our cooperative leaders. Cooperatives appear to be the best means or instrument to insure that the benefits of integration accrue to agricultural producers.

It is even possible that integration will make obsolete our present system of Government controls and subsidies. Multipurpose cooperatives could take over these functions.

Examples of some of the major problems that cooperative integration can help to solve for special crops are these:


In tobacco -- cooperatives should lead the way in increasing tobacco warehouse sales efficiency. We have three times as much warehouse sales space as is needed. Integration can correct this.

In rice -- cooperatives can bring about needed integration that will in turn increase processor volumes and lower costs.

In honey -- cooperatives can consolidate the interests of honey producers and cut down competition among them in order to increase their returns.

In forestry -- cooperatives can provide needed management, marketing, milling, bargaining, and other special services such as credit, insurance, and supplies. These will increase returns to woodlot owners, thus insuring the important conservation of our small woodlots in the years ahead.

The overall problem with cooperatives is how to improve the vision of members, management, and co-op leaders, and to overcome inertia.

 Otis T. Weaver

Cotton farmers as a group have not been able to integrate through cooperatives in purchasing supplies and marketing products in the same proportion as producers of some other crops. In some major cotton areas, however, cotton cooperatives process and market from 25 to 50 percent of the crop.

In most areas, cotton farmers have set up separate cooperatives for ginning, oil milling, compressing, and marketing. Each grower may belong to as many as four associations. In either case, whether federated or with direct membership, each association operates more or less independently and in most cases at competitive rates or prices. Integration, therefore, is accomplished only at the grower level.

DISCUSSION: Integrated Services for Fruits, Vegetables and Field Crops

Q - Why do marketing cooperatives get into the supply field?

A - Some dairy marketing cooperatives supply their members with moderate amounts of specialized dairy equipment. The idea was expressed that supply cooperatives were not filling the producers' needs; therefore marketing cooperatives were forced to enter the supply field. This idea was challenged by the speaker who claimed cooperative history refuted it because marketing cooperatives were organized before purchasing cooperatives entered the picture.

Q - Did you say cooperatives will control the supply function?

A - Yes, in time and with some changes, cooperatives can do much more than they are now doing. It will vary by crop. A good example is tobacco.

Q - Should cooperatives be used to meet any social needs of members?

A - Cooperatives must operate on an economic basis, but they are not purely economic machines to increase net worth of farmers. They also have social values.

Q - Are farmers the only source cooperatives have for equity capital?

A - To rely entirely on farmers makes the source too restrictive. There is need to examine other sources. Cooperatives who meet today's needs must grow. To do this they need money and lots of it. Member capital is best but it is not always available in adequate amounts.

Q - Is there any salvation for the family farm?

A - There will be some type of family farm in the future but not as we know it today.


SESSION IV

Tuesday Afternoon, December 16, 1958

Chairman: Kelsey B. Gardner

COOPERATIVE MERGERS AND CONSOLIDATIONS

Our Experience in Merging Supply and Marketing Operations

 ^{1/}
W. H. Prigmore

It was a challenge for Eastern States Farmers Exchange to undertake the task of merging New England egg marketing cooperatives. Although merging was not an Eastern States' idea, it was apparent that something had to be done. These local egg marketing cooperatives had been unable to federate. After careful study by Eastern States, FCS, and an independent research firm, a long-range plan, or procedure, was agreed upon.

Phase one dealt primarily with the principles of merging organizations of this type.

Phase two, which began November 21, 1958, deals primarily with problems such as legal, accounting, personnel, methods, and so on. Multitudinous problems arise when an attempt is made to merge eight separate marketing organizations. The recommendations of Eastern States, especially the management committee, were as follows: (1) Eastern States Farmers Exchange to purchase the assets at 100 percent of book value and assume all liabilities, and (2) to pay off equity holders directly over a 5-year period.

Eastern States management attended 72 scheduled meetings for the purpose of discussing this subject, including meetings with the membership of the cooperatives. In addition, a special meeting was held at Eastern States to familiarize directors of the merging cooperatives with Eastern States' operations.

The procedure agreed upon was as follows:

1. Make up one master financial statement from the financial statements of all locals.
2. Collect and study bylaws of each local cooperative.

^{1/} Mr. Prigmore presented and discussed a program in which eight New England egg marketing cooperatives are considering merging with Eastern States Farmers Exchange.

3. Have Eastern States' management visit and familiarize themselves with operations of each local cooperative.
4. Set up a special study committee from Eastern States and locals to help solve merger problems.
5. Provide newsletter-type information to keep all cooperatives informed of progress.
6. Have Eastern States' assistant manager (Mr. Prigmore) attend meetings of all interested groups.
7. Keep Eastern States' board of directors informed of progress.
8. Hold additional meetings as necessary with members of local cooperatives. These to be attended by Eastern States' management and local management.
9. Inform Eastern States' personnel of merger but only after the proceedings were well along.
10. Inform the press, especially the co-op and the agricultural press on purpose and progress of merger.
11. Develop plan to utilize key personnel of merged cooperatives for at least 1 year; give maximum possible choice of job selection to local managers.
12. Select one attorney familiar with the program to represent all local cooperatives and handle legal problems involved.

Phase one of the merger is completed. Phase two is progressing. The problems of carrying out the merger seem to be pretty well agreed upon. The problem of operating a program of this type and magnitude efficiently is still ahead of us. The final decision will be made by members of the individual egg marketing co-operatives.

DISCUSSION: Our Experience in Merging

Q - What was the chronology of your timetable for letting Eastern States personnel know of the merger? Were the personnel of the merging co-ops in competition with the personnel of Eastern States?

A - Eastern States' personnel were informed of the proposed merger as soon as it was feasible to do so. Since then they have been kept fully informed. There is essentially no competition between employees. We have no problem there.

Q - Are there personnel incentives in Eastern States not to be found in the locals?

- A - No. This should eliminate conflict.
- Q - Are all locals covered by Northeastern Poultry Producers Council (NEPPCO's) pension plan?
- A - Yes. As it is now a subcommittee is studying the choice between Eastern States plan and NEPPCO's.
- Q - In settling with members of the local egg associations, was any consideration given to the possibility of exchanging equity in Eastern States for equity in the local cooperatives? If this could be done it would reduce the amount of cash required.
- A - No, we could not do that because Eastern States does not have any stock, certificates, or other forms of equity outstanding.
- Q - Do you anticipate problems in payment of equity?
- A - No, payment under Eastern States' plan will be quicker -- that is from 5 to 6 years.
- Q - What of the net value or book value? Are there extra assets?
- A - This is a problem, but Eastern States is not negotiating individually with the cooperatives involved. Eastern States believes that all local cooperatives should be given equal and similar treatment.
- Q - Will Eastern States provide credit to producers as a part of its integrated program?
- A - No. However, we do have a regular "financial assistance program" for egg producers who are interested and who can qualify.
- Q - Why was Eastern States interested in this program of integration?
- A - There were many reasons, among them the following: (1) Loss of feed volume, (2) members going to contracting, (3) desire to maintain efficient operations (4) would enable Eastern States to maintain a better program for serving and holding members, and (5) the program was a challenge for Eastern States. The challenge was most important.
- Q - Does Eastern States plan a marketing program in other fields?
- A - We are not sure -- but certainly not now.
- Q - What can these new members expect from Eastern States?
- A - Immediately -- not too much; certainly the long-range returns are more important. They include increased efficiency, lower costs, and improved service.

Q - How much investment will Eastern States be required to make in this program?

A - Approximately \$1 million. It will be returned at the rate of \$200,000 a year for 5 years.

Q - How will Eastern States tie in board members from these eight local cooperatives?

A - The size of the Eastern States board will be increased to include six or eight directors of the merged cooperatives.

Q - Why use book value instead of appraised value in acquisition?

A - Eastern States is offering the minimum equitable price -- this is equally fair to all. More emphasis has been placed on long-term gains from improved services than on immediate gains from a high acquisition price. So far this plan has worked well with all local cooperatives except one.

Economic Considerations

 Martin A. Abrahamsen

Economic considerations focus on obtaining a "Yes" or "No" answer to the question: Would farmers be better off financially in a given situation if cooperatives merged?

General considerations in arriving at an answer to this question should take into account: (1) Conditions prevailing presently and likely to prevail in next 5 to 10 years, (2) recognition of limitations that may exist among managers and directors, (3) trends in the general economy and in agricultural production, and (4) the status of cooperative development in the area served.

More specific considerations relate to economy of scale in the use of facilities. Another important item that should be considered is the additional services that mergers might make possible, particularly services relating to a broad basis of operations resulting from further integration of operations.

Impacts on bargaining power and price structure are additional items that deserve consideration. Also, merger may contribute to economies in the use of personnel, particularly in field services, management, accounting, and research.


DISCUSSION: Economic Considerations

The following points were brought out during the discussion period:

1. The geographical factor does not generally hinder merging of regionals.

2. The future trend in merger will probably be more toward regionals rather than locals. Cooperatives have grown up to the present time through locals merging or affiliating with regionals. Geographical location of plants plus business territory may help determine whether a consolidation should come about.
3. If merger is contemplated, management capabilities must be considered in respect to economies of scale. Inadequate decision-making ability may raise unit costs and thus offset lower per unit cost expected on larger volume.
4. Management certainly has an effect upon the successful operation of a concern. However, savings potential based on merger are considerable, particularly for a large-volume organization. If savings of a half-mill or 1 mill per unit can be made, this would be significant for a large operation.
5. Management may be more difficult in cooperatives than in other corporations. The democratic processes in a cooperative may slow decision making.
6. If local associations do not compete with each other and are members of a regional federation, there is little incentive or need for merging. However, the regional must have complete control over the movement of products, particularly if a processing operation is involved.

Legal Problems and Procedures

 Raymond J. Mischler


Before embarking on a merger or acquisition, a cooperative must consider whether any law would preclude action. As a general rule, State laws would not preclude. Under Federal law, section 7 of the Clayton Act must be considered.

In U. S. v. Maryland & Virginia Milk Producers Ass'n. Inc., decided November 21, 1958, the district judge held this section applicable to an acquisition by a milk marketing cooperative, having about 90 percent of the local market, of the only remaining, substantial, independent retail distributor, which purchased its milk from sources other than the cooperative.

Despite this decision, it is believed that many cooperative mergers can be effected without legal difficulty. The decision would have no application to mergers between cooperative members of a federated cooperative or of corporations owned by one federation. Nor would mergers between most competing cooperatives or acquisitions of retail outlets by cooperatives be precluded. An acquisition is not illegal simply because of its impact on competition between the corporations concerned. The proper test is that of qualitative substantiality of the resulting effect on competition in the relative market.

Assuming legality generally, other specific legal problems to consider are (1) the requirements of State law re membership approval, (2) the State in which to incorporate a new consolidated cooperative, (3) the name to use, (4) the type of marketing contract to use, (5) selection of trademarks and trade names, (6) proper drafting of organizational forms to provide adequate capital structure, and (7) flexibility for workable management under adequate control of the members.

Financial Problems and Procedures

 David Volkin

Any merging of cooperatives results in an expanded set of assets, a realignment of liabilities, and an expanded group of owners.

Financial factors involved in practically all forms of mergers may be summarized in four problem areas: (1) Valuation of assets, (2) payment for these assets, (3) ultimate financial condition of the new organization, and (4) projected operations of the newly formed organization.

Circumstances surrounding each specific combination of cooperative associations will determine the complexity of the financial problems involved. Competent analyses of these, coupled with advance planning of non-financial factors, are a must in order to complete the mosaic of information required for successful negotiation of cooperative combinations.

Individual members and patrons of the associations involved should have no real objection to the financial settlements agreed upon as they may affect them if: (1) The form of equities distributed by the surviving or newly formed organization is simple and closely approximates the value of equities held by or allocated to them in their component organizations, and (2) they are convinced that the operations of the new organization will be conducted in such a manner as to assure them of products and service at least equal to, or better than, the products and service received from their own organizations.

DISCUSSION: Legal and Financial Problems and Procedures


Q - Is it possible to use a simple rule in determining true assets of organizations involved in mergers -- such as the New England situation?

A - No. Such determination would need to be very concise with respect to ratios, formulas, and so on. Evaluation of assets should be based on an analysis by experienced appraisers.

Q - How do you evaluate goodwill?

- A - In industry it is based on such items as earning power and stocks. In co-ops, it is much more difficult. Some values must be sacrificed for others.
- Q - Since more integration requires more capital, should we emphasize the raising of more cooperative capital or building more equity capital?
- A - A good rule to follow would be for farmers to finance completely their co-operative at its period of low inventory.
- Q - Do we not make the process of determining assets unnecessarily difficult?
- A - No. It is good to know the real worth of a co-op -- regardless of the bargaining price desired.
- Q - To what extent in a merger are we merely taking money out of one association and putting it into another? Where the membership of merging co-ops overlap, is this a problem?
- A - It depends upon the equity holdings of members. There is not too much of a problem on the local level.

Personnel and Membership Problems and Approaches

 Irwin W. Rust

The major personnel problems associated with cooperative mergers and acquisitions are four in number. These are: (1) What to do with excess personnel, for whom no useful work can be found in the new, larger organization; (2) saving face of employees of the weaker association which has had to turn to the stronger cooperative for assistance; (3) developing loyalty to the new association among top personnel of the firm being absorbed; and (4) overcoming "job consciousness" among employees both before and following the union of the two firms.

Membership problems of greatest significance associated with mergers and acquisitions are (1) overcoming pride of identity afflicting members of small firms merging with larger firms; (2) persuading members of the weaker association not to expect that the new firm will do at once what the weaker firm has never been able to do; (4) overcoming long-standing rivalries where two groups have previously been in competition with each other; (5) helping members of the weaker association save face; and (6) encouraging member participation.

Solution to personnel problems lies in careful advance planning, close attention to individual personal problems, and skillful first-line supervision in the early days of the combined operation.

Solution to membership problems also lies in careful advance planning, plus a thorough program of member education before the merger or acquisition.

DISCUSSION: Personnel and Membership

The following points were brought out during the discussion period:

1. If an organization has good membership relations, this can have considerable effect on getting approval for merger. If need for merger should arise, education of membership regarding the economic principles involved may be a necessary preliminary to merger.
2. There is no such thing as "blind loyalty" among members of farmer co-ops. Service is basic to holding loyalty of members. Loyalty is something that must be continually earned.
3. Membership relations is a vital area for cooperatives and must be handled adroitly to be most effective.
4. There is an ever-increasing need for sustained planning, organization, and examination of mergers from the standpoint of impact, potential, and opportunities they have for cooperatives in our highly complex economic society.

SESSION V

Wednesday Morning, December 17, 1958
Chairman: Kelsey B. Gardner

COOPERATIVE MERGERS AND CONSOLIDATIONS

How We Worked on the Problem and Followed Through

▶ Henry W. Bradford

On May 10, 1957, the Council of New England Egg Cooperatives requested FCS to make a survey of the egg and poultry marketing problems in New England to determine ways by which the cooperatives could improve returns to their producer members.

In answer to this request, FCS made a study of the 13 egg and poultry co-ops in New England. FCS presented two reports to the board of directors of the 13 co-operatives -- one in August and one in December 1958. The study and reports indicated that the cooperatives could improve their position best by merging with a large, financially strong farm supply cooperative -- the Eastern States Farmers' Exchange, West Springfield, Mass.

By so doing, New England poultrymen could expect four important benefits as follows: (1) More efficient processing and marketing, (2) greater marketing effectiveness, (3) expanded services, both in production and marketing, and (4) greater stabilization of the New England egg industry.

The study also indicated that a merger of the associations was more desirable than a federation, a consolidation, or other forms of unified effort.

▶ John J. Scanlan

The Poultry Branch of FCS has found the field of mergers and consolidations a very difficult and discouraging one in which to show results or accomplishments. It has made a number of studies over the years as to the feasibility of merger and consolidation. Several studies are underway and we expect at least two mergers to follow in 1959 -- one in New England and the other in California.


Merger or consolidation studies requested have been chiefly to determine the feasibility of unification and have ended with the presentation of the findings and suggestions; they did not cover follow-through work. This appears to have been a mistake, since the efforts seem to "bog down" in planning the

methods of, and effectuating, the unification and in planning, and presenting the organization, policies, and methods of operation to be used following merger or consolidation.

Work on the feasibility aspect may cover a wide field of study involving considerable field work. Much background information of a historical, statistical, and descriptive nature may be needed. Also, there may be legal and financial problems and obstacles to surmount. The feasibility report usually covers background material, findings, conclusions, and suggestions or recommendations.

The follow-through phase might be separate from the feasibility phase, both as to study, field work, and report. It should normally cover proposals for (1) organization and operations, and (2) a definite program of meetings to acquaint members of the uniting associations with the purposes and objectives of the unification and to obtain their support for it.

We in the Poultry Branch believe we have learned much from our efforts in this field during the past 15 years. This experience should help us do more thorough and effective unification jobs in the future. We are trying to help more in the advanced planning of large, well-spaced associations -- particularly in the Midwest -- so that less unification will be necessary.



Martin A. Abrahamsen

In our merger studies we first give attention to background information useful to directors in arriving at decisions on the feasibility of merger. This involves a look at the general economy, an appraisal of the agricultural situation in the area in which the associations concerned operate, and trends in the present and potential operations of these cooperatives.

Depending upon the nature of the request received, we study a number of items. These generally include organizational structure, trends in volume and in classes of supplies handled, implications of economy of scale, and indicated effect on bargaining power and price structure.


With this basic information we generally are in a position to reach conclusions on such matters as possible savings, opportunities for avoiding duplication in services, and the likelihood of providing more completely integrated services. Reports also consider possible advantages and disadvantages and close with recommendations to the board of directors as to ways of following through on the information provided.

DISCUSSION: Problems and Follow Through

Q - What were the danger signals indicating need for merger in New England?

- A - There were certain danger signals on the horizon. The organizations were all small. The geographic area served by these eight organizations was small and led to overlapping of territories. The small organizations were not always efficiently operated. This rendered the total program relatively inefficient in marketing and in bargaining, especially with chain organizations. Chain stores were going into production in certain States instead of dealing with the large number of small producer co-ops.
- Q - What freight advantages do New England cooperatives have over western cooperatives in shipping to eastern markets?
- A - At the present time western cooperatives do not ship eggs to the East as far as I know. Compared with those in the Midwest, New England has an advantage at least equal to the difference in freight cost. In addition, New England producers often receive premium prices over those shipped in, particularly for brown-shelled eggs.
- Q - Does an organization have to be large to be efficient? Why do not these cooperatives federate and merely coordinate their grading, selling, and so forth?
- A - Merger in this instance is, no doubt, preferable to federation because it builds tighter control, enables more "automation" in grading, and strengthens their bargaining position with chain stores. Federation in the egg field has not been as successful as in some other fields.
- Q - Where does the demand for merger arise -- with members or management?
- A - In New England it seemed to originate from both sources.

The Farmer as an Integrator

 Wilmer Smith

The cotton farmer on the High Plains of Texas is a rugged individualist. Ninety percent of the farmers in Lubbock county do a larger volume of business than 90 percent of the other individual businesses. There are, however, some multimillion dollar businesses in Lubbock.

Down where I came from cooperatives are organized to fill a need. No one has time to fool with them except as tools to increase farm income. We overhaul our cooperatives the same as we do our machinery. When they become outdated, we junk them. Farmers are for cooperatives if they help members directly rather than just provide jobs for the manager and other employees.

The bigger the organization, the more difficult it is to get capable farmers to take the necessary time to provide adequate direction. However, since a cooperative is only a tool of farmers and they pay the bill, they should call the

shots or set policies. While I believe the board should be elected from among the farmers who own the cooperative, there is continuing pressure as farming operations become more demanding for farmers to devote greater time and talent to managing their own farms. This leaves them less time for directing their cooperatives' affairs.

But let's not underestimate the ability of farmers. A cooperative to be successful must have the support of farmers. Likewise, any merger to be effective must first be sold to the farmers who are the members and patrons. Lacking farmer acceptance, a cooperative will fail. No cooperative has any business moving into an area unless farmers need it and ask for it.

DISCUSSION: The Farmer as an Integrator

Q - Why do you have or need so many gins?

A - That is a good question. When farmers need gin service, they need and must have it quickly to prevent deterioration. The cost of delay in ginning could be far more than the cost of additional gins. It may be correctly said that gins have a "time" utility.

Q - Are cotton growers under contract?

A - Yes, for marketing baled cotton. In our cooperative gins and oil mills, however, we depend upon holding members by rendering them good services.

Q - Do most members have rather heavy investment in the cooperative facilities?

A - Yes, it ranges from \$3,000 to \$15,000.

Q - Do gin managers serve on your federated board?

A - If they are the best qualified; otherwise, no. Our board is made up mostly of farmers or others well-qualified to represent the farmers' viewpoint. Our gin board represents the local cooperative. They usually meet before the regular monthly board meeting of the Federation. There are approximately 30 member associations of the Oil Mill Federation. Attendance ranges from 80 to 95 percent each month.

Q - Do you have independent audits?

A - Yes, CPA's are employed by the board and report directly to the board.

Q - Do you handle necessary member production supplies?

A - Only on a limited basis. The oil fields are nearby and we have good petroleum service. We have a planting seed association and we are just beginning to use commercial fertilizer. So you see we do not have much of a problem yet regarding supplies.

Q - Do you hold annual membership meetings for each gin?

A - Yes, and in addition one annual membership meeting is held for the entire Federation.

Q - What is your source of water for irrigation? Do you have an irrigation association?

A - Water is supplied by wells primarily; as yet we do not have an irrigation association.

Q - Do you believe that large cooperatives should have public directors?

A - It is a problem. Some farmers cannot take time to serve on boards. There is a danger of boards getting far removed from the farmer. There may be some advantages of having public directors serve on the board, but the danger is they may not represent the farmers' best interest.

Q - Is there a trend away from cotton to cattle?

A - In the Mississippi-Delta area, perhaps, but in the High Plains of Texas only very limited. We are considering doing some cattle feeding because of the great concentration of protein feeds in our area. Feeding will be done, no doubt, on an ownership basis instead of a custodian feeding basis.


SESSION VI

Wednesday Afternoon, December 17, 1958

Chairman: Joseph G. Knapp

GOALS AND ACCOMPLISHMENTS

Opportunities of Cooperatives Today

 Ervin L. Peterson

When we discuss the role of cooperatives in our competitive free enterprise system, we need to consider not only the cooperatives themselves, but also co-operatives as a part of the community, and cooperatives in relation to other private business. We need to consider both the challenges and opportunities facing farmer cooperatives.

The cooperative type of business is, of course, a part of our competitive free enterprise system. Cooperatives must do more than just compete to justify their existence; they must provide the services needed and desired by their owner-members. They must help their members make a profit from their farming operations.

But cooperatives must provide something over and above what can be obtained from other organizations to justify their existence. If a farmer can get everything he needs from another type of business without any additional cost, he probably will see no justification for organizing a cooperative. It is primarily the economic benefits that hold farmers to their cooperatives.

Non-cooperative types of business have, in my opinion, a very deep concern with the maintenance of sound cooperatives. For they have a choice as to whether they would rather engage in competitive relationships with cooperatives or whether they would rather compete with government. Farmers want and will strive for economic equality with other segments -- both industry and labor. Farmers want, need, and will work toward greater equality in their bargaining position. If cooperatives do not exist, farmers will need to direct more of their attention toward help from the government. The less that cooperatives effectively represent farmer's interest, the greater the government's interest in agriculture is likely to become.

This raises another question: Can cooperatives be effective business representatives of their farmer members? I feel cooperatives can represent them, and more competitively than can government. This does not mean that government does not have a part to play in the agricultural segment of our economy just as it does in all segments. But is the role of government that of an umpire or a player? For the most part the government has been an umpire, but in

some instances it has also become a participant.

However, cooperatives need to keep alert to changing conditions and need to be effective representatives for farmer members. I remember when I was connected with a cooperative in my home county in Oregon, we attempted unsuccessfully to merge the 8 or 10 dairy cooperatives in the county. Now there are only two cooperatives remaining. I feel that the failure of these associations to join together at that time has resulted in lower prices to farmers, lower quality products, and for some of these organizations their eventual failure.

We have an example of the way farmers benefit from producing and marketing high-quality products in one of the outstanding dairy marketing cooperatives on the West Coast, which is located not far from my home county. Its management felt that in order to effectively serve farmers they must have a large volume and be able to market it through a dynamic selling program based on a quality product -- a priceless ingredient of a successful dairy business.

Our market structure and production situation have changed drastically in the past 15 or 20 years. Today in agriculture we have the situation of other resources being substituted for labor inputs. More and more of the needed inputs are being bought outside the farm community. The influence of science and technology are changing our agriculture rapidly. Capital and operating cash needs are multiplying. Belt tightening can no longer solve the farmer's problem in bad years as the cash flow now needed is so large.

Mass buying and mass distribution are becoming concentrated in the hands of a few people. Those buying agricultural commodities are becoming fewer while the number of suppliers is still large. As an example of this concentration of buying power, one State has only 8 buyers for eggs of the 50,000 producers. This indicates a place for the cooperative type of business enterprise to protect the farmer's interest.

With profit margins narrower and risks greater, any adverse change in the agricultural position makes farmers even more vulnerable. Their suppliers are also vulnerable. This has brought about an effort by farmers and suppliers to spread the risks associated with production and marketing of farm products.

Along with mass merchandising has come specification buying by stores. The buyers want certain kinds of quality products in large quantities. Here is where cooperatives can do a job of collecting, sorting, and merchandising farm products according to specifications. In order for cooperatives to do this effectively, they must diversify product lines, concentrate purchasing and selling power, and merge when necessary.

Cooperatives can and must do more for farmers. They can prevent the non-farm sector from shifting additional risks to the backs of farmers. They must continuously seek new methods of preparing farm products for the family table and promote new uses for their products. This requires utilization research in addition to more production and marketing research. This is the combined responsibility of cooperative and other businesses, the colleges, and the government.

In closing, I want to commend you of Farmer Cooperative Service for the fine job you are doing. I look upon FCS as quite an elite service. Everywhere I have gone I have had words of praise for the work you are doing. The value of your work certainly cannot be measured by the size of your organization. I know of no group of more earnest, dedicated people anywhere in government.

The good work cooperatives are doing is not fully understood by the American people. Until they do, we must endeavor to present the story of cooperatives more effectively -- what they are, what they are doing, and what they can do in the future for agriculture and our entire economy. This will require more research, expanded information, and better education.

Progress and Future of Cooperative Credit



Robert B. Tootell

The cooperative Farm Credit System is celebrating four anniversaries in 1958. It is the 35th anniversary of the Federal intermediate credit banks; the 25th anniversary of production credit associations; the 25th anniversary of the banks for cooperatives, and the 5th anniversary of the Federal Farm Credit Board.

We look upon anniversary dates as a time of self-analysis, as well as self-praise. They are occasions to make note of progress. Our growth has been reasonable and pretty well in keeping with the needs of our times. The Farm Credit Act of 1955 started the banks for cooperatives on the road to complete farmer-ownership. Farmer cooperatives now have a \$31 million investment in their banks for cooperatives. The banks set a new record during the past year in the number of farmer cooperatives served -- 2,500. This was 500 above the 1953 level. Loans outstanding June 30, 1958, were approximately \$408 million.

Our Federal land banks have increased their services during the last 5 years. In 1953, the FLB's had \$1.1 billion in loans outstanding. Five years later (July 1958) they broke the \$2 billion mark. The Federal land banks have been completely farmer-owned since 1947.

The Production Credit System has also made rapid growth. Loan volume has increased approximately 25 percent during the past year. In 1958, production credit association loan volume approached the \$2 billion mark. Farmer investment in the cooperative Farm Credit System continues to increase. In 1958, it increased \$28 million and is now about \$270 million. Farmers are using over \$3 billion in credit from the entire system this year.

The real "acid test" for the Farm Credit System came during the "tight money period" in 1957, the tightest since 1929. However, farmers and their cooperatives borrowed \$2.8 billion from the system during 1957. The system has demonstrated that it can compete in the money market with commerce and industry, securing rates which are extremely favorable to farmers.

The challenge of the future will be determined by our ability to meet the individual needs of farmers. What will farmers need in 5 years? 10 years? Adequate financing is perhaps the most important factor involved in keeping farmers free. Inadequate financing will tend to drive farmers into more unfavorable contracts. The Farm Credit System must remain in a position to finance the entire needs of farmers. Meeting the total credit program for farmers must be the objective of our Farm Credit System. It must work more closely with farmers -- helping them work out a financial program best suited to their needs.

One of the problems facing the System is that of financing real estate. More non-farm people may wish to invest in agriculture. In the past, we have pointed to long-term amortized loans as an objective. In the future, with tremendous investments necessary, it is possible that non-amortized or partially amortized loans will be more suited to the needs of some of our farmers. Our Federal land banks must expect more competition from insurance companies in the lending field. We have a responsibility to keep land appraisals high enough to be of genuine service to farmers, yet not get them so high they add fuel to inflation of land prices.

Intermediate-term loans present new challenges to the Production Credit System. Farmers needing large investments cannot always use small town banks because they sometimes are not able to meet farmers' needs. Many farmers enjoy the prestige of doing business with large city banks. No doubt banks will provide increasing competition to PCA's for their intermediate-term business. We must be realistic on this point.

PCA's have made several important moves recently to provide better financing for farmer cooperative patrons. Notable progress in this respect has been made in the St. Paul Farm Credit District where PCA's and cooperatives are working together on a new approach to meet credit needs of farmers. The new plan provides a three-way benefit. It helps farm supply cooperatives with accounts receivable; increases volume for the PCA and helps farmers to remain in a better "cash" position and thus to handle farm financing on a more businesslike basis.

The program of the banks for cooperatives, no doubt, presents us with our greatest challenge. Its future volume rests pretty much with the future of farmer cooperatives. As farmer cooperatives play a more vital role in American agriculture, they will find our banks for cooperatives in a position to finance their growth. We plan to keep the banks for cooperatives in tune with the financial needs of farmer cooperatives.

Former Congressman Clifford Hope of Kansas indicated to me recently that, in his opinion, the Farm Credit legislation adopted during the last 30 years has done more for American agriculture than any other type of farm legislation. I agree with him. The Farm Credit System represents self-help, and such programs have proven very beneficial for farmers.

 George G. Connor

We in the Pennsylvania Farm Bureau consider people our most valuable asset. They show up on our financial statement on the expense side in the form of wages and benefits. Their value is approximately \$4 million a year. It is, therefore, management's job to get full value for money spent.

I recognize that it is not good management to look back, particularly if it is to compare, criticize, or use the past as an excuse for the present. I am, however, aware that we should analyze the past as a guide to future planning.

In 1951, several of our staff attended a meeting called by Jerry Voorhis of the Cooperative League of the U.S.A. This meeting was to discuss cooperative management. This conference gave us a completely new understanding of management.

For the first time we recognized that management is the art, or science, of getting work done through people. There are certain skills in management; namely, planning, organizing, coordinating, directing, and controlling. These skills can be taught to people and applied from a practical standpoint.

I should like to comment on our past versus our present management thinking:

1. We thought management personnel should come from within the organization. Today we recognize that this has its limitations and that we need "new blood" from other cooperatives and regular businesses.
2. We thought that successful salesmen (fieldmen) or outstanding deliverymen would make good retail managers or regional division managers. Today we recognize that these men in most cases are "doers", not "leaders." They are lone operators. Today we need "leaders."
3. We thought that a manager who could successfully develop a store from its beginning to a \$500,000 volume, could step into a \$1 million operation. This was not always true. Today we recognize that jobs can outgrow men, and at the same time men can outgrow jobs.
4. We believed that the man with good appearance and personality could fill any position in Farm Bureau. Today we recognize that we all have certain characteristics that make us more suitable for one position than another; that these characteristics can be determined; that people are happier doing the work they are best suited for, and that as a result cooperatives receive better results for dollars spent in wages, salaries, and so on.
5. We believed that what happened in one local cooperative was its business; today we know that what happens in one may affect all.

We need, and will continue to need, people who can manage Farm Bureau in Pennsylvania as it is today and will be tomorrow. Our local cooperatives range in volume from less than \$100,000 to \$3 million a year; and our regional had \$25 million in 1958 and a projected volume of \$32 million in 1961 and \$50 million by 1963.

Realizing the present and future management needs for our organization, we have formalized our management development program.

We have divided our management into six groups for our training program. They are (1) retail cooperative directors, (2) retail general managers, (3) assistant managers, branch managers, and department managers, (4) regional board of directors, (5) general manager's cabinet, (6) department managers, specialists, and plant managers.

The training program for retail cooperative directors was developed by a committee of three directors and then presented to the regional board. Most of the expenses of this program are part of the regional budget. This program, which is held in each of the six districts, has two 1-day sessions -- fall and spring. The topics covered in these sessions are pointed toward the needs of directors and their duties and responsibilities. We also hold a separate session for new directors.

There are several programs for retail manager training. A committee of managers designs these 2 and 1/2-day programs, held semiannually. We use outside consultants for leadership. We have used Pennsylvania State University, general Extension Service, and Farmer Cooperative Service. Next year we are going to use Farm Credit personnel. The topics are varied. Such topics as manager-board relations and credit-finance are discussed.

We also have a management development program for retail assistant managers, branch managers, and department managers. This program has 15 four-hour sessions weekly. The participants, a select group, are chosen on the basis of their future potential as managers. The subjects covered in these sessions are effective speaking, leadership, human relations, and functions of management.

This year we tried a completely new program -- a correspondence course in sales management for retail and regional management. It was based on one correspondence lesson a week, plus a 1-hour discussion session at our monthly meetings of managers and employees.

We have a training program for new employees interested in retail management. We use various tests, including a psychological interview, to determine potential management ability. The training is for a 19-week period. The trainees spend 6 weeks at the regional working with our various divisions. They spend 13 weeks at a retail cooperative. Here they have a definite schedule and receive the pay of a retail manager. However, under certain conditions the local reimburses the regional. The regional pays the retail manager additional compensation for the work he must do in assisting the trainee.

We also have special training for our regional board of directors. This program follows the pattern recommended for retail board members. Emphasis is on directors' responsibility as compared to management's responsibility. This special training is carried on in connection with our regional board meetings and executive committee meetings. At these meetings we consider special subjects such as qualifications of a manager, incentives, and planning.

The Pennsylvania State University's general Extension Service develops and supervises the management development program of all management personnel at the regional level. The personnel for this program is divided into two groups: The general manager's cabinet and division managers, and department managers. The program is based on a 1-day session each month for 8 months. There are three stages. Stage one is concerned with basic principles, tools, and skills of management. Stage two is aimed at financial and marketing management. Stage three is concerned with personnel management.

SESSION VII

Thursday Morning, December 18, 1958
Chairman: J. Kenneth Samuels

MANAGEMENT OF COOPERATIVES

Management Training Programs



John A. Beaumont

It is a privilege to have this opportunity to participate in your annual workshop and to bring to you some ideas whereby your group might participate in the management training offered through the distributive education program. Basically, the distributive education program is a part of the vocational education program administered through the Vocational Division, Office of Education, Department of Health, Education, and Welfare. Distributive education is a term that identifies a program which proposes to offer instruction in distribution and marketing.

The farmer cooperatives with which you work, like all organizations that produce a service or a good, are engaged in some form of distribution and marketing. The instruction which may be offered through the distributive education program encompasses a broad range of courses dealing with employees, supervisors, managers, and proprietors of all types of distributive businesses. The program is made available through State Boards for Vocational Education and more directly through public educational institutions which conduct the courses in the several States and Territories.

The staff of the Distributive Education Branch in the Office of Education works closely with the State Boards for Vocational Education and their representatives in developing and organizing these instructional programs.

Management training has been an important concern of the distributive education program. Small business is an important aspect of distribution. The small businessman is likely to have been a very successful doer, such as a salesman, an accountant, or a skilled craftsman. When he enters business for himself, he is confronted with the problem that he is usually skillful in only one of the many aspects of business management. Accordingly in management training, the approach has been to offer administrative management programs that first attempt to give the small businessman a concept of the management problems involved in operating a business. Fundamentally these problems deal with such matters as finance, records, personnel problems, marketing problems, techniques of organization, and development of a management climate. Out of these administrative management programs frequently develop further programs in specialized aspects of management.

An important question that arises is: How might the distributive education program serve as a vehicle for the development of management training with farmer cooperatives? Briefly, it would appear that there might be two major approaches to this question.

1. In many States there are what is known as post high school cooperative programs designed to provide instruction in an educational institution combined with actual experience in a particular occupation. It would appear that in some States it would be possible to organize a post high school cooperative program which would be designed to train young men, in a period of 1 to 2 years, for beginning management opportunities in cooperatives. This type of program offering instruction and experience in an actual cooperative organization could be patterned after similar programs which are serving other industries such as oil jobbers, real estate, insurance, department stores, and supermarkets.
2. Adult programs designed for various management levels in cooperatives could be organized in many of the States where there might be interest in such training. This kind of training could be based on a suggestion in a bulletin recently issued by our office entitled "Management Training for Small Businesses." This publication, Vocational Division Bulletin No. 271, Distributive Education Series No. 25, explains how such programs may be developed. It is used by the several States and Territories as a guide for developing management training. Such programs for small businessmen in various phases of distribution are currently being conducted in many of the States. They could be extended to serve farmer cooperatives.

If these suggestions appear to have possibilities for the Farmer Cooperative Service, certainly ways and means can be found to further implement them. Possibly one way to further study these suggestions would be to undertake one or two experimental programs in order that jointly it might be determined how they could best be developed to serve farmer cooperatives. Leaders in some States could be interested in working with the cooperatives in developing an experimental post high school cooperative program or an experimental adult management training program.

What Cooperatives Are Doing on Management Training



Helim H. Hulbert

We got this project underway by mailing a brief questionnaire to some 10,000 farmer cooperatives on the FCS list. We received replies from 4,083 associations, which is equivalent to about a 40 percent return.

Of the 4,083 associations replying, 1,074, or slightly more than 26 percent, reported some management training in 1957. The balance indicated that they had not given and were not now giving their personnel any management training

whatsoever. To me this pinpoints an area where FCS, in cooperation with other agencies, can accomplish a great deal of good.

The management training being given is split about evenly percentagewise between local and regional cooperatives. But when the sample is classified into marketing cooperatives and farm supply cooperatives, quite a different picture results. Forty-two percent of the farm supply locals and 46 percent of the farm supply regionals reported some management training. This compares with 17 percent for marketing locals and 23 percent for marketing regionals.

Our study should be helpful in pointing the way in that it reveals (1) what training, if any, cooperative managers and directors are now receiving; (2) the areas where management training is needed most; (3) what agencies are supplying training; and (4) suggestions as to what can be done to expand and improve management training methods among farmer cooperatives.

WORKSHOP WIND-UP TALK



Joseph G. Knapp

This has been a good workshop. I have been impressed with the careful preparation of the information presented, and with the high standard of staff participation and performance. The contributions from our guest speakers have been of uniformly high quality and have helped materially in making this workshop worthwhile. In fact, we need the challenge that comes to us from these men on the firing line. If we were meeting just by ourselves, we might become just a wee bit inbred, while what is needed is cross-fertilization of ideas.

In my car pool, we have developed a learned maxim that the combined knowledge of the members of the car pool is less than that of any one member. I think we can do better than that in our workshops and can properly say that we have found that none of us knows as much as all of us put together.

I would like to take a minute to stress our responsibilities as government representatives. How far can we go in our recommendations? It has always been my own thought that experts should be on tap rather than on top. It doesn't hurt us to keep in mind that most people define an expert as "a son-of-a-gun from out of town -- usually from Washington." In other words, we must consider ourselves as servants rather than masters. Modesty, courtesy, and tact are essentials in achieving results under any condition.

Another observation growing out of this workshop that I would like to make is that, in my opinion, we should look upon ourselves as students of agricultural cooperation rather than as authorities on all aspects of the subject.

The subject of agricultural cooperation is so big and it changes so continuously with economic and social factors that none of us can be authorities on all of its aspects.

I am proud of our fine professional reputation but I also hold the opinion that our reputation must be continuously strengthened. It's what we are, rather than what we have been, that counts.

We should bear in mind that we are the inheritors of a fine tradition made by others over a long period of time. The forthcoming publication by Andrew W. McKay, "Federal Research and Educational Work for Farmer Cooperatives, 1913-1953," the period before establishment of the Farmer Cooperative Service, will help those who have joined our staff in recent years understand how much good work was done before they came along.

Each of us can add or subtract from our reservoir of good will. The character of the Farmer Cooperative Service is now largely in your hands.

We must, therefore, continuously appraise our program to see that it yields the fullest measure of public benefit. It is important that we recognize good work and that our work be recognized by others, but it is just as important that we are fully aware of our shortcomings and weaknesses.

We are playing in the big leagues. Our work is important to farmers and the Nation. If we do our job as it should be done, we will gain the recognition and status we deserve, and the members of our staff will gain the personal benefits and satisfactions that come from belonging to a great organization.

I would like to stress one more point. We are basically a research rather than a promotional organization. The facts must be right before we commit ourselves. Our job is to find the answers -- as a basis for sound educational and advisory work. Let's always realize that research is the foundation of our work.

In closing, I wish to thank all of you who have helped make this workshop one of our best. I always hesitate to say that the last is the best, for each workshop is different. The success of a workshop depends upon what it does for us to help us improve our program -- not upon its entertainment value.

This year we have directed our energies to vital current problems. We have not been able to give attention to many other important aspects of our program, such as the work of Miss Gessner who provides the statistics essential to us all or the work of Mrs. Stanton who helps us get our research results into use through effective publications.

You have all made this workshop -- and I, as Administrator, am glad to say to you --

Thanks again for a fine workshop!

PARTICIPANTS ON THE WORKSHOP PROGRAM

Visiting Speakers

- | | |
|----------------------|--|
| Beaumont, John A. | - Director, Distributive Education Branch,
U. S. Office of Education, Department of
Health, Education and Welfare, Washington, D. C. |
| Brinkley, Homer L. | - Executive Vice President, National Council of
Farmer Cooperatives, Washington, D. C. |
| Campbell, Wallace J. | - Washington Representative, Cooperative League
of the U.S.A., Chicago, Ill. |
| Connor, George G. | - General Manager, Pennsylvania Farm Bureau
Cooperative Association, Harrisburg, Pa. |
| Fallon, Edmund H. | - General Manager, Cooperative G.L.F. Exchange,
Ithaca, N. Y. |
| Healy, Patrick B. | - Assistant Secretary, National Milk Producers
Federation, Washington, D. C. |
| Hendrickson, Roy F. | - Executive Secretary, National Federation of
Grain Cooperatives, Washington, D. C. |
| Ketner, Forrest G. | - Secretary and General Manager, Producers
Livestock Marketing Association, Columbus, Ohio |
| Mischler, Raymond J. | - Attorney, Office of the General Counsel,
U.S.D.A., Washington, D. C. |
| Peterson, Ervin L. | - Assistant Secretary, Federal-States Relations,
U.S.D.A., Washington, D. C. |
| Prigmore, William H. | - Assistant General Manager, Eastern States
Farmers Exchange, W. Springfield, Mass. |
| Smith, Wilmer | - President, Plains Cooperative Oil Mill,
Lubbock, Tex. |
| Stern, J. Kenneth | - President, American Institute of Cooperation,
Washington, D. C. |
| Tootell, Robert B. | - Governor, Farm Credit Administration,
Washington, D. C. |

FCS Staff Speakers

Abrahamsen, Martin A.	- Director, Purchasing Division
Bailey, John M.	- Farm Supplies Branch
Bradford, Henry W.	- Poultry Branch
Fox, Raymond L.	- Livestock and Wool Branch
Gardner, Kelsey B.	- Director, Management Services Division
Hangas, Arno J.	- Farm Supplies Branch
Hulbert, Helim H.	- Chief, Business Administration Branch
Knapp, Joseph G.	- Administrator, Farmer Cooperative Service
Krause, Stanley F.	- Chief, Dairy Branch
Preston, Homer J.	- Chief, Fruit and Vegetable Branch
Rust, Irwin W.	- Chief, Membership Relations Branch
Samuels, J. Kenneth	- Director, Marketing Division
Scanlan, John J.	- Chief, Poultry Branch
Savage, Job K.	- Chief, Special Crops Branch
Volkin, David	- Business Administration Branch
Weaver, Otis T.	- Chief, Cotton and Oilseeds Branch

